STAND. COM. REP. NO.

Honolulu, Hawaii March 24 , 2017

RE: S.B. No. 404 S.D. 2 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committees on Health and Consumer Protection & Commerce, to which was referred S.B. No. 404, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CHAPTER 245, HAWAII REVISED STATUTES,"

beg leave to report as follows:

The purpose of this measure is to apply to the sale of electronic smoking devices and e-liquid the same permit and license requirements and excise tax that applies to the sale of cigarettes and tobacco products. This measure also increases the retail tobacco permit fee and the tobacco wholesale or dealer license fee.

Your Committees received testimony in support of this measure from the Hawaii Public Health Association and several individuals. Your Committees received testimony in opposition to this measure from VOLCANO Fine Electronic Cigarettes, ABC Stores, and numerous individuals. The Department of the Attorney General, Department of Taxation, Coalition for a Tobacco-Free Hawai'i, American Heart Association, and Tax Foundation of Hawaii submitted comments.



STAND. COM. REP. NO. 137 Page 2

Your Committees have amended this measure by:

- Inserting language to clarify that penalties for the retail sale of cigarettes or tobacco products without a retail tobacco permit apply to the unpermitted sale of electronic smoking devices or e-liquid;
- (2) Changing the excise tax amount applicable to the sale of electronic smoking devices and e-liquid to an unspecified percentage of the wholesale price; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees note that several testifiers at the public hearing held on this measure requested that a portion of the revenue from the excise tax on electronic smoking devices and eliquid established by this measure be applied to community programs or activities for tobacco education, prevention, and control. Your Committees find that this request merits consideration and urge that discussion of such programs be included in continuing discussions on this measure.

As affirmed by the records of votes of the members of your Committees on Health and Consumer Protection & Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 404, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 404, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committees on Health and Consumer Protection & Commerce,

ROY M. TAKUMI, Chair

DELLA AU BELATTI, Chai:



House of Representatives The Twenty-ninth Legislature

Record of Votes of the Committee on Health

| $\begin{array}{c c} \text{Bill/Resolution No.:} \\ SB404, SD2 \\ HLT \end{array}$ | ee Referral: /CPC , F | IN Date | 3-22 | 2-17 | | |
|--|---|--|--|--|--|--|
| □ The committee is reconsidering its previous decision | • | I | | | | |
| The recommendation is to: | | | | | | |
| Pass short form bi | ill with HD to recor | nmit for future publi | c hearing (recomm | it) | | |
| HLT Members | Ayes | Ayes (WR) | Nays | Excused | | |
| 1. BELATTI, Della Au (C) | V | | | | | |
| | | | | | | |
| 2. KOBAYASHI, Bertrand (VC) | | | | | | |
| 3. HAR, Sharon E. | | | | | | |
| J. HAR, Dilaton E. | | | | | | |
| 4. MORIKAWA, Dee | | | | | | |
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| 5. OSHIRO, Marcus R. | 1911 The second s | and a start of the | en an eine eine an eine eine eine eine e | | | |
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| 6. TODD, Chris | | | | | | |
| 7. TUPOLA, Andria P.L. | eprinzi prazi a manana da Anticana a sa se secondo Anticana a sa secondo da secondo | | | | | |
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| TOTAL (7) | 4 | -0 | -0- | 3 | | |
| The recommendation is: Adopted Not Adopted If joint referral, | | | | | | |
| If joint referral, did not support recommendation. | | | | | | |
| Vice Chair's or designee's signature: | | | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | | | |

State of Hawaii House of Representatives The Twenty-ninth Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

| The committee is reconsidering its previous de The recommendation is to: Pass, uname Pass short for | | s, with amendments | | |
|--|-----------|--------------------|---------------------------------------|---------|
| | | | | |
| CPC Members | Ayes | Ayes (WR) | Nays | Excused |
| . TAKUMI, Roy M. (C) | | | | |
| . ICHIYAMA, Linda (VC) | | | | ~ |
| . AQUINO, Henry J.C. | | | | · · · |
| . ITO, Ken | ~ | | · · · · · · · · · · · · · · · · · · · | |
| . SAY, Calvin K.Y. | | | | |
| . TAKAYAMA, Gregg | | | | |
| . TODD, Chris | | | | |
| . YAMANE, Ryan I. | | | | |
| . FUKUMOTO, Beth | | | | V |
| | | | | |
| | | | | |
| TOTAL (9) | 6 | 0 | ð | 3 |
| The recommendation is: If joint referral | Not Adopt | did not supp | ort recommendatio | n. |
| /ice Chair's or designee's signature: | Olen | L.J. | | |